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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 10549
FORM 10-Q

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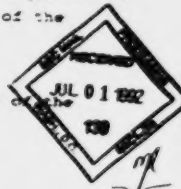
(Mark One)

(X) Quarterly report pursuant to Section 13 of 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 31, 1992 or

( ) Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934



For the transition period from to

Commission file number 0-10847

CSP Inc. /mn/

(Exact name of registrant as specified in its charter)

MASSACHUSETTS	04-2441294
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

40 Linnell Circle, Billerica, Massachusetts 01821

(Address of principal executive offices)

Registrant's telephone number, including area code: (617)272-6020

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

APPLICABLE ONLY TO CORPORATE USERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class	Outstanding at June 26, 1992
Common Stock, $.01 par value	2,694,170 shares

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INDEX

		PAGE NUMBER
PART I.	FINANCIAL INFORMATION:	
Item 1.	Financial Statements	
	Consolidated Balance Sheets	3
	Consolidated Statements of Operations	4
	Consolidated Statements of Cash Flows	5
	Notes to Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	9
PART II.	OTHER INFORMATION:	
Item 6.	Exhibits & Reports on Form 8-K	14

CSP INC.AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	May 31, 1992 (Unaudited)	August 31, 1991 (Audited)
	(Dollars in thousands)	
Current Assets:		
Cash and cash equivalents	$7,909	$6,266
Marketable securities	7,535	7,982
Accounts receivable, net	3,170	2,466
Inventories	1,442	1,938
Deferred income taxes	266	184
Refundable income taxes	80	40
Prepaid expenses	372	248
Total Current Assets	20,774	19,124
Property, equipment and improvement,net	3,043	2,915
Other Assets:		
Land held for future expansion, at cost	163	163
Deferred income taxes	322	283
Other assets	322	452
Total Assets	$24,624	$22,937
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	1,376	1,205
Income taxes payable	216	63
Total Current Liabilities	1,592	1,268
Deferred compensation and retirement plans	1,467	1,295
Shareholders' Equity:		
Common stock, $.01 par value: authorized 7,500,000 shares; issued 2,836,834 and 2,827,484	29	28
Paid-in capital	9,678	9,624
Retained earnings	12,621	11,485
Equity adjustment foreign currency translation	65	65
	22,393	21,202
Less treasury stock at cost, 155,414 and 155,434	(828)	(828)
Total Shareholders' Equity	21,565	20,374
Total Liabilities and Shareholders' Equity	$24,624	$22,937

The accompanying notes are an integral part of these statements.

CSP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	1992	1991	1992	1991
	(Dollars in thousands, except for per share data)			
Sales	$4,084	$3,440	$11,854	$9,810
Costs and Expenses, net:				
Cost of sales	1,383	1,231	4,265	3,647
Engineering and development	748	763	2,224	2,155
Marketing and sales	967	923	2,735	2,491
General and administrative	535	394	1,499	1,190
Total costs and expenses, net	3,633	3,311	10,723	9,483
Operating profit	451	129	1,131	327
Dividends income	8	98	49	339
Interest income	127	101	411	305
Interest expense	(7)	(5)	(19)	(13)
Gain(loss) on foreign exchange transactions	(4)	20	(4)	3
Gain(loss) on foreign exchange translations	(6)	(19)	(2)	5
Net realized and unrealized gain(loss) on marketable securities	12	28	68	54
Income before taxes	581	352	1,634	1,020
Provision for income taxes	145	104	501	320
Net income	$436	$248	$1,133	$700
Per Share of Common Stock:				
Primary Earnings per share	$0.16	$0.09	$0.42	$0.26
Primary shares outstanding	2,756,415	2,694,867	2,748,023	2,684,278

The accompanying notes are an integral part of these statements.

CSP INC.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Dollars in thousands)
(Unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	1992	1991	1992	1991
Cash flows from operating activities:				
Net Income	$436	$248	$1,133	$700
Adjustments to reconcile net income to net cash from(used for) operating activies:				
Unrealized gain on marketable securi	(12)	(29)	(68)	(55)
Depreciation and amortization	160	136	440	334
Deferred compensation and retirement	58	36	172	137
Deferred income taxes	--	(88)	(121)	(138)
Changes in operating assets and liablities:				
(Increase) decrease in accounts rec	(5)	(192)	(704)	(787)
(Increase) decrease in inventories	373	151	496	(362)
(Increase) decrease in refund taxes	(80)	(59)	(40)	(9)
(Increase) decrease in prepaid expe	1	29	(124)	(153)
Increase(decrease) in accounts payable and accrued expenses	(192)	132	171	509
Increase (decrease) in income taxes	(1)	46	153	45
Total adjustments	302	162	375	(479)
Net cash from (used for) operating activities	738	410	1,508	221
Cash flows from (used for) investing activities:				
Purchase of marketable securities	(23,953)	(4,303)	(69,381)	(46,472)
Sale of marketable securities	22,750	6,601	69,896	44,254
Equipment	(198)	(264)	(568)	(537)
Other assets	56	(267)	130	(31)
Net cash used in investing activities	(1,345)	1,767	77	(2,786)
Cash flows from(used for) financing activities:				
Purchase of stock options	13	--	58	--
Purchase of treasury stock	--	--	--	(124)
Net cash used in financing activities	13	--	58	(124)
Net increase(decrease) in cash	(594)	2,177	1,643	(2,689)
Cash and cash equivalents, beginning of year	8,503	2,620	6,266	7,494
Cash and cah equivalents, end of year	$7,909	$4,805	$7,909	$4,805
Supplementary information:				
Income taxes paid (recovered), net	$200	$108	$412	$315

See notes to consolidated financial statements

CSP INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying financial statements have been prepared by the Company, without audit, and reflect all adjustments which, in the opinion of management, are necessary for a a fair statement of the results of the interim periods presented. All adjustments were of a normal recurring nature. Certain information and footnote disclosures normally included in the annual financial statements which are prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, the Company believes that although the disclosures are adequate to make the information presented not misleading, the financial statements should be read in conjunction with the footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1991.

2. Summary of Significant Accounting Policies:

(a) Principles of Consolidation:

The consolidated financial statements include the accounts of the parent company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and Cash Equivalents:

Cash and cash equivalents consist of cash on hand and money market investments. The Company considers cash equivalents to be highly liquid temporary cash investments with original maturities of 90 days or less.

(c) Marketable Securities:

Marketable equity securities are carried at the lower of cost or market value. Interest income is accrued as earned. Dividend income is recorded as income on the date the stock traded "ex dividend". The cost of marketable securities sold is determined on the specific indentification method and realized gains or losses are reflected in income.

(d) Inventories:

Inventories are stated at the lower of cost or market; cost being determined principally by use of the average-cost method.

(e) Equipment and Improvements:

The components of equipment and improvements are stated at cost. The Company provides for depreciation by use of the straight-line method over the estimated useful lives of the equipment. Leasehold improvements are amortized over the shorter of the remaining term life of the lease or the life of the improvement.

(f) Product Warranty:

The Company ordinarily provides a ninety-day warranty covering defects arising from products sold and services performed. In addition to this standard warranty, certain major customers are granted extended warranties. In connection with these obligations, the Company has provided a reserve, which in the opinion of management, is adequate to cover such warranty costs.

(g) Revenue Recognition:

Revenues from product sales are recognized at the time of shipment.

(h) Engineering and Development Expenses:

Engineering and development expenditures for company-sponsored projects are charged to expense as incurred.

(i) Income Taxes:

Deferred income taxes are provided to take into account the accumulated tax benefits resulting from timing differences in reporting income and deductions for financial statement purposes and income tax return purposes.

(j) Earnings per share:

Primary earnings per share are calculated based upon the weighted average number of common and common equivalent shares (shares issuable upon the exercise of stock options) outstanding during the period.

3. Marketable Securities:

Marketable securities consists of the following

	May 31, 1992	August 31, 1991
	($000's)	
Marketable equity securities	$ 768	$ 680
Less: valuation allowance	64	128
Marketable equity securities, at market	$ 704	552
Money market funds and commercial paper	200	5,550
Bonds and municipal revenue notes	6,431	1,680
U.S. Government Securities	200	200
Total	$ 7,535	$ 7,982

4. Accounts Receivable, Net:

Accounts receivable have been reduced by allowances for doubtful accounts in order to reduce accounts receivable to amounts anticipated to be collected as follows:

	May 31, 1992	August 31, 1991
	(000's)	
Accounts receivable	$3,313	$2,609
Allowance for doubtful accounts	143	143
Accounts receivable, net	$3,170	$2,466

5. Inventories:

Inventories consist of the following:

	May 31, 1992	August 31, 1991
	(000's)	
Raw materials	$539	$ 767
Work-in-process	679	907
On consignment	128	264
Finished Goods	96	--
Total	$1,442	$1,938

6. The following table sets forth the changes in the Company's $.01 par value of common stock during the quarter.

	Common Stock Shares	Common Stock Amount	Paid in Capital Amount
		(000's)	
Issued August 31, 1991	2,827,484	$28	$9,624
Exercise of Stock Options	6,900	1	54
Issued May 31, 1992	2,836,834	$29	$9,678

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

A summary of the period to period changes in principal items included in the Statement of Operations is shown in Schedule I and II (pages 12 and 13).

Sales increased by 21% for the first nine months of fiscal 1992 compared to the same period of fiscal 1991. Sales for the third quarter of fiscal 1992 increased by 19% compared to third quarter of fiscal 1991. SuperCard sales increased by 64% and 76% for both the nine and three month periods over the same period of the prior fiscal year. SuperCard products have continued to increase its customer base in the VMEbus market with increase from government primarily in military application. SuperCard products and MAP-4000, the next largest product, accounted for 59% and 17% of total sales for the nine month period. MasterScan accounted for 6% of total sales for the nine month period. SuperCard and MAP-4000 accounted for 64% and 11% of total sales for the third quarter.

North American sales continue to increase, and during the nine and three month period increased by 16% and 12% over the prior year. International sales increased 37% and 42% for the nine and three month periods of fiscal 1992 as compared to the prior year.

Cost of sales as a percentage of sales decreased by 1.3% of sales and 2.2% of sales to 36% and 33.9% for the nine and three month period ended May 31, 1992 as a result of continued decrease in the cost of materials for SuperCard products.

Engineering and development expenditures increased by 3% for the nine month period of the current fiscal year compared to the prior year. The primary reason for the increase in expense was the addition of new personnel in the Scanalytics division. Engineering and development expenses for the quarter ended May 31, 1992 decreased by 2% compared to the prior year due to the transfer of expenses to cost of sales for a special one-time project for a customer of our RTS-860 product. The vector processor division expenses were approximately the same as fiscal 1991 with the same staffing levels.

Sales and marketing expenses increased by approximately 10% and 5% for the nine and three month periods over the prior fiscal year. Approximately 35% of the increase in expense was for sales and marketing personnel, promotional materials, advertising and other sales materials for the MasterScan and CELLscan products. The Company's vector processor sales efforts are continuing toward OEM-volume sales which reflects in large part the decreasing price of the Company's products. The Company continues to focus its vector processor sales efforts on opportunities for large sales and on obtaining continuing business from OEM customers. The Company has moved its office in San Deigo, California, to a larger facility and added personnel to handle the increased business in the Far Western section of the United States.

General and administrative expenses increased 26% and 36% over the same period of the prior fiscal year. The primary reason for increase in expenditures as noted last quarter was due to the addition of the our new President and Chief Executive Officer, David Botten, in October, 1991. Cost of the Supplemental Retirement Program was also increased based on the actuarial calculation for the current fiscal year represented about 15% of the total increase. Increase in the Company executive bonus plan which is based on sales and profitability, accounted for approximately 20% of the increase due to increased sales and profitability.

Investment income decreased by approximately 29% and 32% for the nine and three month periods compared to the corresponding period of the prior fiscal year. The decrease was due primarily to the current decline in interest and dividend rates in the investment markets and increased purchase of tax exempt investments, which also accounts for the lower investment income.

The Company's investment strategy involves maintaining a short-term, liquid position while maximizing revenues on an after-tax basis with limited exposure of principle as possible. The Company believes that as result of maintaining a liquid position, it has been able to avoid borrowing for capital needs, it has also been able to augment its operating results and is well positioned to make acquisitions or joint ventures if appropriate opportunities arise.

The Company's effective tax rate has been reduced from the statutory rate due to benefit from tax-exempt investment income, benefit from the foreign sales corporation and research and development credits.

Financial Position, Capital Resources and Liquidity:

The Company's already strong financial position continued to improve in the first nine months of fiscal 1992. Working capital increased to $19.2 million on May 31, 1992 compared to $17.9 million at year-end in fiscal 1991. The increase in accounts receivable at May 31, 1992 was due to the increased sales volume and not extension in payments from our customers. The Company has made a noted effort to reduce its inventory while increasing sales. This has been accomplished through improving our inventory control and manufacturing system.

Management believes that all the Company's current and foreseeable needs can be met through working capital generated by operations and investments.

Inflation and Changing Prices:

Management does not believe that inflation and changing prices had significant impact on sales, revenues or income from continuing operations during fiscal 1992. There is no assurance, however, that the Company's business will not be materially and adversely affected by inflation and changing prices in the future.

CSP INC.AND SUBSIDIARIES
Percentage of Sales

Schedule I
($000's)

	[-Three months ended May 31,				[--- Nine months ended May 31,			
	1992	%	1991	%	1992	%	1991	%
Sales	$4,084	100.0%	$3,440	100.0%	$11,854	100.0%	$9,810	100.0
Costs and Expenses, net:								
Cost of sales	1,383	33.9%	1,242	36.1%	4,265	36.0%	3,658	37.3
Engineering and development	748	18.3%	752	21.9%	2,224	18.8%	2,144	21.9
Marketing and sales	967	23.7%	923	26.8%	2,735	23.1%	2,491	25.4
General and administrative	535	13.1%	394	11.5%	1,499	12.6%	1,190	12.1
Total costs and expenses, net	3,633	89.0%	3,311	96.3%	10,723	90.5%	9,483	96.7
Operating profit	451	11.0%	129	3.8%	1,131	9.5%	327	3.3
Dividends and interest income	135	3.3%	199	5.8%	460	3.9%	644	6.6
Net realized and unrealized gain (losses)on marketable securities	12	0.3%	28	0.8%	68	0.6%	54	0.6
Interest expense	(7)	-0.2%	(3)	-0.1%	(19)	-0.2%	(13)	-0.1
Foreign exchange adjustment	(10)	-0.2%	1	0.0%	-6	-0.1%	8	0.1
Income before taxes	581	14.2%	352	10.2%	1,634	13.8%	1,020	10.4
Provision for income taxes	145	3.6%	104	3.0%	501	4.2%	320	3.3
Net income	$436	10.7%	$248	7.2%	$1,133	9.6%	$700	7.1

CSP INC.AND SUBSIDIARIES
Period to period dollar and percentage change

Schedule II
($000's)

	Three months ended May 31, 1992 Compared to May 31, 1991		Nine months ended May 31, 1992 Compared to May 31, 1991	
Sales	$644	18.72%	$2,044	20.84%
Costs and expenses,net				
Cost of sales	152	12.35%	618	16.95%
Engineering and development	(15)	-1.97%	69	3.20%
Marketing and sales	44	4.77%	244	9.80%
General and administrative	141	35.79%	309	25.97%
Total operating expenses	322	11.72%	1,240	14.81%
Operating income	322	249.61%	804	245.87%
Dividends and interest income	(64)	-32.16%	(184)	-28.57%
Interest expense	2	40.00%	6	46.15%
Net unrealized and realized gains (losses) on marketable securities	(16)	-57.14%	14	25.93%
Foreign exchange adjustment	11	1100.00%	(14)	-175.00%
Income before taxes	229	65.06%	614	60.20%
Provision for income taxes	41	39.42%	181	56.56%
Net income	$188	75.81%	$433	61.86%

PART II. OTHER INFORMATION.

Item 4. Submissions of Matters to a vote of Security Holders

None

Item 6. Exhibit and Reports on Form 8-K

a) Reports on Forms 8-K

NONE

b) Exhibits

11.1 Data used in the calculation of net income per share.

CSP INC. AND SUBSIDIARIES Exhibit-11.1

Data used in the of Calculation Net Income per share

	Three months ended May 31		Nine months ended May 31	
	1992	1991	1992	1991
Primary:				
Average shares of common stock outstanding	2,677,166	2,672,061	2,675,886	2,675,929
Average issued and unexercised stock options	79,249	22,806	72,138	8,349
Total	2,756,415	2,694,867	2,748,024	2,684,278
Fully-diluted:				
Primary shares (see above)	2,756,415	2,694,867	2,748,024	2,684,278
Total	2,756,415	2,694,867	2,748,024	2,684,278
($000 omitted)				
Net income	$436	$248	$1,133	$700

SIGNATURES

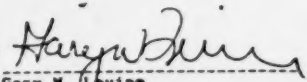
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CSP INC.
(Registrant)

Date: June 29, 1992

By:
David S. Botten
Chief Executive Officer and President

Date: June 29, 1992

By: 
Gary V. Levine
Vice President of Finance and Chief Financial Officer